

# HOUSE BILL No. 1467

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-4-4.5.

**Synopsis:** Property tax trending formula. Indicates that annual adjustments in the assessed value of real property for property tax purposes must be based on appropriate market factors. Transfers the responsibility of establishing market factors for the annual adjustment of property assessments to the department of local government finance. Requires the department of local government finance to base adjustment factors on an analysis of value changes occurring to large samples of similarly situated properties located in more than one county. Makes other related changes.

**Effective:** July 1, 2009.

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**Espich, Smith M, Noe**

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January 14, 2009, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

## HOUSE BILL No. 1467

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 6-1.1-4-4.5, AS AMENDED BY P.L.228-2005,  
2 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2009]: Sec. 4.5. (a) The department of local government  
4 finance shall adopt rules establishing a system for annually adjusting  
5 the assessed value of real property to account for changes in value in  
6 those years since a general reassessment of property last took effect.  
7 (b) Subject to subsection (e), the system must be applied to adjust  
8 assessed values beginning with the 2006 assessment date and each year  
9 thereafter that is not a year in which a reassessment becomes effective.  
10 (c) The rules adopted under subsection (a) must include the  
11 following characteristics in the system:  
12 (1) Promote uniform and equal assessment of real property within  
13 and across classifications.  
14 (2) **For assessment dates before January 16, 2009**, require that  
15 assessing officials:  
16 (A) reevaluate the **market** factors that affect value;  
17 (B) express the interactions of those **market** factors

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mathematically;

(C) use mass appraisal techniques to estimate updated property values within statistical measures of accuracy; and

(D) provide notice to taxpayers of an assessment increase that results from the application of annual ~~adjustments~~ **market factors**.

**(3) For assessment dates after January 15, 2009, establish a mass appraisal methodology that:**

**(A) promotes uniform and equal assessment of real property within and across classifications;**

**(B) simplifies the methodology used to estimate property values in a way that promotes broad public understanding of and agreement with the market factors used to determine the values assigned to particular parcels of real property;**

**(C) estimates property values separately for each class of property; and**

**(D) employs, statewide, the smallest number of different market factors within each classification of property that will permit compliance with clauses (A), (B), and (C) and subsection (d).**

**(4) For assessment dates in each year after 2011 in which a general reassessment does not become effective, require assessing officials, technical advisers, and professional appraisers to do the following:**

**(A) Use the market factors established by the department of local government finance for the estimation of property values.**

**(B) Provide notice to taxpayers of an assessment increase that results from the application of annual market factors.**

**(5) Prescribe procedures that permit the application of the adjustment percentages in an efficient manner by assessing officials.**

**(d) For assessment dates occurring before January 16, 2009, the department of local government finance must review and certify each annual market adjustment determined under this section. For assessment dates occurring after January 15, 2009, the department of local government finance shall establish the market factors to be used for each class of property in Indiana. In establishing market factors, the department of local government finance shall:**

**(1) reevaluate the market factors that affect value;**

**(2) express the interactions of those market factors**

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1 mathematically; and

2 (3) use mass appraisal techniques to estimate updated  
3 property values within statistical measures of accuracy;  
4 consistent with the requirement of subsection (c)(3). The  
5 department of local government finance shall base the development  
6 of the market factors on the value changes occurring to large  
7 samples of similarly situated properties located in more than one  
8 (1) county. The department of local government finance shall  
9 provide for the application of the same market factors to similarly  
10 situated properties located in the same county and, to the extent  
11 determined appropriate by the department of local government  
12 finance, to similarly situated properties located in contiguous  
13 counties.

14 (e) **This subsection applies to determining the market value in**  
15 **use of agricultural land.** In making the annual determination of the  
16 base rate to satisfy the requirement for an annual adjustment under  
17 subsection (a) the department of local government finance shall  
18 determine the base rate using the methodology reflected in Table 2-18  
19 of Book 1, Chapter 2 of the department of local government finance's  
20 Real Property Assessment Guidelines (as in effect on January 1, 2005),  
21 except that the department shall adjust the methodology to use a six (6)  
22 year rolling average instead of a four (4) year rolling average.

23 (f) **This subsection does not restrict the evidence that a person**  
24 **appealing a property tax assessment may use to demonstrate the**  
25 **true tax value of property in a timely filed appeal. Except as**  
26 **expressly provided by statute, an assessing official may not use any**  
27 **method of adjusting the assessed value of property that does not:**

28 (1) use the market factors established by the department of  
29 local government finance; or

30 (2) apply the market factors in conformity with the  
31 procedures prescribed by the department of local government  
32 finance.

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